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C O N F I D E N T I A L SECTION 01 OF 02 ASUNCION 000531

SIPDIS

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TAGS: [KJUS](#) [PGOV](#) [PINR](#) [PREL](#) [SNAR](#) [PA](#)

SUBJECT: PARAGUAY'S AG UPSET OVER INCSR, DISCUSSES:
CABRAL, HIJAZI, POLICE REFORM, AND MONEY LAUNDERING WITH
AMBASSADOR

Classified By: DCM KEVIN M. JOHNSON FOR REASONS 1.4 (B) AND (D)

SUMMARY

11. (C) AG Oscar Latorre complained vigorously to Ambassador 4/14 that the section of the 2005 International Narcotics Strategy Control Report (INCSR) on Paraguay unfairly singled him out for criticism. Ambassador stressed that the report identified problems with the Public Ministry he heads rather than him personally, and explained why. Latorre predicted Cabral's promotion was dead, one way or another. He offered only tepid proposals to advance the Hijazi tax evasion/money laundering case, money laundering legislation, and cooperation with SENAD and SEPRELAD, alleging that in the case of the latter issue these institutions must prove themselves to prosecutors. Significantly, he said the President would by decree designate 50 police officers to form an elite unit under the AG pending establishment of a new judicial police force. Latorre was genuinely irate over the INCSR, but displayed the stonewalling attitude on a host of issues that is a major source of criticism. The AG apparently fears cooperating too closely with the USG and allies in SEPRELAD and SENAD will limit his freedom of action. End Summary.

INCSR AND THE ANGRY AG

12. (C) Ambassador hosted lunch for AG Latorre April 14 after the AG made it known he was livid over criticism in the INCSR. Latorre said he was shocked and angered over language he interpreted to be directed at him personally, signaling that he was worse than the police and judicial sectors, which were cited for corruption while he was also called inefficient. Noting that the criticism was institutional, rather than personal, the Ambassador conceded that some language should be more precise. Latorre asked if this was retribution for the Cabral case, alleging he had no responsibility for the multiple misdeeds by prosecutors and others in letting Cabral escape punishment. The Ambassador said it was about institutional problems, not one case. Latorre claimed that SENAD personnel (not necessarily SENAD Chief Hugo Ibarra) plotted against him, including campaigning for Ruben Romero, the President of the Council of Magistrates, to replace him.

CABRAL

13. (C) After a lengthy, self-serving self defense of his own role in the Cabral affair, Latorre said the President now sought a new indictment of Cabral as grounds to withdraw his promotion from the Senate. &NDF calls me every day on this,8 lamented Latorre, arguing that the legal issues were difficult. New evidence and accusations by the trafficker Jaime Amato don,t stand up to legal scrutiny, he said, and previous charges were badly mishandled, making it hard to move forward. & I don,t want to be another General Rodriguez,8 he continued, referring to the former head of SENAD assassinated in the mid-90s. In conclusion, however, Latorre said Cabral,s promotion was now out of the question; it was just a matter of deciding how to end the situation. (Comment: Throughout the Cabral affair actors in all branches of government have steadfastly pushed responsibility for derailing his promotion to others; the President, prosecutors, the Supreme Court, and the Senate have all refused good opportunities to put this to rest. The back and forth continues in an almost comic way, but Cabral,s promotion now appears less likely. End Comment.)

MONEY LAUNDERING LAW

14. (C) Latorre praised the draft money laundering legislation in the Senate, arguing that it was a good moment to push it, and there shouldn,t be too much opposition. He suggested a joint meeting with Colorado Senator Bader Rachid, who heads a committee examining broader penal code reform, to gain momentum. The Ambassador asked about NDF and Latorre pushing it, rather than relying on Rachid (an uncertain ally at best). Latorre agreed the President could do that. (Comment: Rachid and other Senators close to shady business leaders may wish to shape the legislation in small but important ways to protect themselves and their friends. Latorre,s suggested approach shows reluctance to push the law; he prefers either making a deal with powerful Senators

or having others do the pushing. Ambassador will raise this again with President Duarte, who has expressed strong support for the bill but will now need to press Senators to pass it. End Comment.)

FISCALIA COOPERATION WITH SEPRELAD AND SENAD

15. (C) The Ambassador pressed Latorre for better cooperation by prosecutors with SEPRELAD. The AG described at length why prosecutors historically haven't trusted SEPRELAD or SENAD, arguing that small steps are needed to build confidence. Asked about the Hijazi money laundering case, Latorre suggested a meeting where SEPRELAD could explain to prosecutors how it can help. (Note: this has been done already. end note.) Asked about unfulfilled promises by prosecutors to share documents with SEPRELAD, he repeated his argument that trust needs to be established. He suggested working a few small cases, such as illicit enrichment by police officers, as a first step. Latorre then criticized SENAD, saying it was impossible to believe the marijuana in San Pedro Department couldn't be detected and destroyed; SENAD lacked the will to act, he maintained. The Ambassador noted dramatic improvements in SENAD and SEPRELAD and urged prosecutors to take better advantage of their help. (Comment: Latorre's laments about two imperfect but improving institutions rang especially hollow given the poor public image of prosecutors from different offices within the Public Ministry. End Comment.)

NEW POLICE UNIT

16. (U) The AG said NDF had agreed to detail 50 police officers to his office to form an elite investigative unit. This is an interim step to deal with dramatic problems in the police pending possible creation of a new judicial police force, he added.

COMMENT: CONFIDENTLY PURSUING HIS OWN AGENDA

17. (C) Strengthened by his relatively good performance in the Cubas case (compared to the police), Latorre may be reelected in August and is flexing his muscles. While the INCSR language bothered him, his exaggerated reaction is a way to question whether it is worth it to cooperate with the USG and agencies we've sponsored (SEPRELAD and SENAD.) His reluctance to share information with Embassy allies has a simpler explanation, however; too close cooperation limits his ability to control the agenda, decide who gets prosecuted and what information gets public, which friends are rewarded and enemies punished, etc.

KEANE